

Summary of Consolidated Financial Results for the First Three Quarters of Fiscal Year ending December 31, 2021 (Japanese Accounting Standards)



November 11, 2021

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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): November 12, 2021
 Scheduled date of dividend payment: –
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Nine Months Ended September 30, 2021 (January 1, 2021 – September 30, 2021)

(1) Consolidated operating results (cumulative total) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended 9/21	194,833	7.2	13,308	5.3	14,142	9.3	7,274	16.8
Nine months ended 9/20	181,708	4.3	12,644	18.5	12,936	18.4	6,229	2.2

(Note) Comprehensive income (million yen) Nine months ended 9/21: 8,171 (10.7%) Nine months ended 9/20: 7,382 (2.8%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Nine months ended 9/21	232.29	232.05
Nine months ended 9/20	199.07	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended 9/21	227,282	141,510	54.5
Year ended 12/20	234,537	135,163	50.7

Reference: Shareholders' equity (million yen) Nine months ended 9/21: 123,785 Year ended 12/20: 118,983

2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 12/20	–	28.00	–	23.00	51.00
Year ending 12/21	–	26.00	–		
Year ending 12/21 (forecast)				26.00	52.00

(Note) Revisions to dividend forecasts published most recently: No

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2021 (Jan. 1, 2021 – Dec. 31, 2021)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	249,000	3.3	16,300	2.1	16,900	3.4	8,900	3.8	284.40

(Note) Revisions to forecast for consolidated business results published most recently: No

* Notes

(1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes
 (Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

(3) Changes in accounting principles and changes or restatement of accounting estimates

- (i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable
- (ii) Changes in accounting principles other than (i): Not applicable
- (iii) Changes in accounting estimates: Not applicable
- (iv) Restatement: Not applicable

(4) Number of outstanding shares (common shares)

- 1) Number of shares outstanding at the end of period (including treasury shares):
- 2) Number of treasury shares at the end of period:
- 3) Average number of shares during the period (quarterly consolidated cumulative period):

9/21:	33,700,000 shares	Year ended 12/20:	33,700,000 shares
9/21:	2,351,732 shares	Year ended 12/20:	2,406,275 shares
9/21:	31,316,569 shares	9/20:	31,293,789 shares

* Summaries of quarterly consolidated financial results are not subject to a quarterly review by a certified public accountant or an audit corporation.

* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors. For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2021, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.

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1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2021

(1) Details of consolidated results

During the consolidated first three quarters under review (from January 1, 2021 to September 30, 2021), the Japanese economy gradually began showing signs of recovery, with normal economic activity returning in response to a resumption of economic activity despite the persistent impact of COVID-19, the effects of measures taken by the government, and the resumption of activity overseas alongside vaccination rollout. However, new causes for concern also arose, such as the emerging impact of shortages of semiconductors and other components in global supply chains on production activities.

In the information services industry, demand for system investment in fields indispensable for future growth such as work-style reforms, increased productivity and operation efficiency, and digital transformation (DX) for the purpose of business model reforms in view of “new normal” continued despite a difference in emphasis on decisions on ICT investment among industries and companies. A further increase in ICT investment is expected with the support of “administrative digitization (Digital Government Action Plan)” of Digital Agency established in September 2021 and the government’s policy to promote digitization of industries.

In this business environment, the FUJISOFT GROUP was proactive in investing its management resources in domains where demand is growing in step with workstyle reforms, which were accelerate in response to the COVID-19 pandemic and DX, and in rolling out new services. At the same time, the Group continued to make upfront investments in advanced technologies catering to the rejuvenated appetite for ICT investment while conducting aggressive sales activities in domains that have stalled temporarily due to the pandemic.

In operation system development in the System Construction Segment, demand remained solid, despite the uncertain economic outlook, mainly in the online business domain, which continued to see brisk demand for the reconstruction of e-commerce sites, as well as in the domain of system infrastructure construction utilizing the cloud services and virtualization technologies of global vendors. Demand for the reconstruction and renewal of backbone systems also remained strong, primarily among customers engaged in consumer business. Above all, amid the trend of digital shift, an increasing number of customers in both the public and private sectors are building operation systems on the public cloud and use cloud-based services. The Company has harnessed its technological excellence to provide optimal solutions to meet diverse customer needs.

In addition, Fuji Soft Incorporated (the “Company”) is participating as the first partner in the NVIDIA DX Acceleration Program implemented by NVIDIA G.K., the Japanese subsidiary of U.S. firm NVIDIA Corporation, to help companies accelerate their DX. Using its expertise in problem solving accumulated while providing solutions in diverse industries such as manufacturing, distribution, financial services, and public services, the Company provides higher value-added services that help customers implement DX. The Company also leveraged its strengths as an independent vendor handling many solutions and products to conduct proposal activities through a team dedicated to incorporating RPA including work process improvements into various solutions such as AI, OCR and e-work flow.

In embedded/control system development, the construction of mobile communication networks such as base stations and core networks for fifth-generation mobile communication systems (5G) got fully underway in the social infrastructure domain, and the Company expanded business with a focus on development related to infrastructure devices.

In the machine control field, moves to hold down investment were seen due to the COVID-19 pandemic during the first two quarters, but demand for machine tools and other products recovered in major markets such as China and, against this backdrop, the Group’s order environment also recovered and business expanded.

In the automotive field, there was a temporary dip in performance caused by a decline in investment due to the pandemic. However, with recovery in the performance of domestic auto manufacturers, investment has also started to be resumed. Above all, the Group focused on the electrification market where EV growth is accelerating for the realization of global carbon neutral. However, the market outlook, including the impact of production adjustments by automakers in face of worldwide automotive semiconductor shortages, remains uncertain.

In the products and services segment, the Group performed solidly despite signs that the surge in demand for mobile communication terminals fueled by increased teleworking during the COVID-19 crisis was coming to an end. Further, sales of Mirai School Station and other ICT devices, which are supporting digitalization in the education sector, remained strong. The Company launched Desktop Full Service, one-stop services that include update management using an asset management tool developed by the Company, in addition to a wide-ranging PC services catering to customer needs such as the selection and purchase of PCs and support for Windows updates.

By combining strong security services using Microsoft 365 with total support covering not only all stages of the PC lifecycle from selection/purchase to disposal but also Windows update support and IT asset management, the Company provided one-stop services encompassing devices, cloud computing and security, receiving a favorable response from all quarters.

As a result of these initiatives, in the first three quarters under review, net sales stood at 194,833 million yen, up 7.2% year on year, thanks to the strong performance of the System Integration business. SG&A expenses increased 2.8% year on year, to 29,750 million yen, operating income rose 5.3% year on year, to 13,308 million yen, ordinary income grew 9.3% year on year, to 14,142 million yen, thanks in part to foreign exchange gains through yen depreciation, and profit attributable to owners of parent rose 16.8% year on year, to 7,274 million yen, primarily owing to an increase in extraordinary income from sale of investment securities.

Results by business segment were as follows:

(i) SI (system integration) business

Sales of embedded/control software in the System Integration business increased thanks to strong results of machine control systems and social infrastructure systems. Operating income remained unchanged year on year due to an increase offset by personnel added in advance of strengthening the order reception system and a temporarily unprofitable project. Sales and income from operation software increased thanks to strong results of development for the financial sector and distribution and service sector, system infrastructure development, and government office projects. While sales grew in the Products and Services segment as a result of strong sales of hardware products, operating income remained unchanged year on year partly due to a decrease in sales of in-house products. In the outsourcing business, sales and income decreased mainly due to a fall in revenue from service fees caused by the suspension of store operation by overseas customers.

As a result, net sales stood at 185,389 million yen, up 7.8% year on year. Operating income amounted to 12,332 million yen, up 5.3%.

* The following table shows a breakdown of net sales and operating income in the SI business.

	(Million yen)			
	Net sales	YoY change (%)	Operating income	YoY change (%)
SI business total	185,389	107.8	12,332	105.3
System construction	108,551	108.2	7,131	109.8
Embedded/control software	50,589	103.0	3,644	100.5
Operation software	57,961	113.2	3,486	121.6
Products and services	76,838	107.3	5,200	99.7
Products and services	66,696	109.3	4,466	100.2
Outsourcing	10,141	96.2	734	96.7

(Note) Operating income includes the elimination of intersegment transactions of 0 million yen.

(ii) Facility business

In the facility business, net sales stood at 1,959 million yen, down 1.1% year on year, mainly due to a fall in demand for rental meeting rooms and rent revenue from tenants as a result of COVID-19. Operating income increased 4.9% year on year, to 696 million yen, principally owing to repair and replacement of fixtures in the previous fiscal year.

(iii) Other businesses

Net sales from other businesses amounted to 7,484 million yen, down 4.3% year on year, due to a decrease in projects in the data entry business and the contact center business. Operating income increased 3.4% year on year, to 280 million yen, thanks primarily to an improvement of the cost to sales ratio.

(2) Details of financial position

Total assets

Total assets stood at 227,282 million yen at the end of the consolidated first three quarters under review, down 7,254 million yen from the end of the preceding consolidated fiscal year. Current assets were 107,758 million yen (up 2,394 million yen from the end of the previous fiscal year), and non-current assets were 119,524 million yen (down 9,649 million yen).

The main factors of the change in current assets include an increase in notes and accounts receivable-trade by 1,387 million yen from the end of the previous fiscal year, to 54,137 million yen, and an increase in cash and deposits by 1,219 million yen, to 39,549 million yen.

The main factors of the change in non-current assets include a decrease of 9,843 million yen in investment securities from the end of the previous fiscal year, to 9,342 million yen, and an increase of 1,928 million yen construction in progress from the end of the previous fiscal year, to 6,837 million yen.

Liabilities

At the end of the consolidated first three quarters under review, total liabilities amounted to 85,771 million yen, down 13,602 million yen from the end of the previous fiscal year. Current liabilities were 59,568 million yen (down 9,182 million yen from the end of the previous fiscal year), and non-current liabilities were 26,203 million yen (down 4,419 million yen).

The main factors of the change in current liabilities were short-term loans payable and the current portion of long-term loans payable, which amounted to 14,544 million yen (down 9,611 million yen from the end of the previous fiscal year).

The main factors of the change in non-current liabilities include a decrease of 2,968 million yen in long-term loans payable from the end of the previous fiscal year, to 17,547 million yen, and a decrease of 1,516 million yen in deferred tax liabilities from the end of the previous fiscal year, to – million yen.

Net assets

Total assets stood at 141,510 million yen at the end of the consolidated first three quarters under review, up 6,347 million yen from the end of the preceding consolidated fiscal year. The equity ratio increased to 54.5%, from 50.7% at the end of the previous fiscal year.

Cash flows

Consolidated cash and cash equivalents (“cash”) at the end of the cumulative first three quarters of the fiscal year under review were 40,160 million yen, an increase of 2,710 million yen from the end of the previous fiscal year.

Cash flows in the cumulative first three quarters of the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities in the cumulative first three quarters of the fiscal year under review stood at 10,513 million yen.

This was mainly due to an increase in money received reflecting the increase in sales and income.

(Cash flows from investment activities)

Net cash provided by investment activities in the cumulative first three quarters of the fiscal year under review came to 6,302 million yen.

This was mainly due to proceeds from the sale of shares of subsidiaries and associates and the sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities in the cumulative first three quarters of the fiscal year under review was 14,458 million yen.

This was largely a result of repayment of short-term loans payable aimed at securing working capital during the COVID-19 pandemic.

(3) Information on the future outlook, including forecast for consolidated business results

The full-year results forecasts remain unchanged from those announced in the financial results for the fiscal year ended December 31, 2020 announced on February 10, 2021.

The impact of COVID-19 on business results is not reflected in our forecast for consolidated business results, because it is currently difficult to determine. If a revision becomes necessary in the months ahead, we will promptly disclose it.

2. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Million yen)

	FY2020 (As of December 31, 2020)	Q3 FY2021 (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	38,330	39,549
Notes and accounts receivable - trade	52,750	54,137
Securities	6,000	5,000
Merchandise	2,067	1,992
Work in process	3,419	3,019
Raw materials and supplies	39	31
Other	2,863	4,136
Allowance for doubtful accounts	-106	-109
Total current assets	105,363	107,758
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,537	58,145
Accumulated depreciation	-29,839	-30,654
Buildings and structures, net	28,697	27,490
Land	53,155	53,173
Construction in progress	4,908	6,837
Other	13,922	14,300
Accumulated depreciation	-10,756	-11,253
Other, net	3,166	3,047
Total property, plant and equipment	89,928	90,549
Intangible assets		
Goodwill	444	399
Software	4,205	4,221
Other	55	49
Total intangible assets	4,705	4,671
Investments and other assets		
Investment securities	19,185	9,342
Net defined benefit asset	5,275	5,884
Deferred tax assets	2,903	2,889
Other	7,321	6,212
Allowance for doubtful accounts	-146	-25
Total investments and other assets	34,539	24,304
Total non-current assets	129,173	119,524
Total assets	234,537	227,282

(Million yen)

	FY2020 (As of December 31, 2020)	Q3 FY2021 (As of September 30, 2021)
Liabilities		
Current liabilities		
Accounts and notes payable – trade	12,519	12,634
Short-term loans payable	20,725	5,320
Current portion of long-term loans payable	3,431	9,224
Accrued expenses	4,638	3,912
Income taxes payable	3,155	3,715
Provision for bonuses	6,162	8,336
Provision for directors' bonuses	271	267
Provision for loss on construction contracts	225	144
Provision for loss on withdrawal from business	93	63
Provision for subsidy repayment	439	449
Other	17,089	15,500
Total current liabilities	68,751	59,568
Non-current liabilities		
Long-term loans payable	20,515	17,547
Deferred tax liabilities	1,516	–
Provision for directors' retirement benefits	513	536
Net defined benefit liability	5,901	5,920
Other	2,176	2,198
Total non-current liabilities	30,623	26,203
Total liabilities	99,374	85,771
Net assets		
Shareholders' equity		
Capital stock	26,200	26,200
Capital surplus	28,808	29,001
Retained earnings	74,868	80,789
Treasury shares	-4,868	-4,758
Total shareholders' equity	125,008	131,232
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,994	2,353
Deferred gains or losses on hedges	-0	0
Revaluation reserve for land	-8,047	-8,228
Foreign currency translation adjustment	-53	144
Remeasurements of defined benefit plans	-1,918	-1,716
Total accumulated other comprehensive income	-6,025	-7,447
Subscription rights to shares	566	636
Non-controlling interests	15,613	17,088
Total net assets	135,163	141,510
Total liabilities and net assets	234,537	227,282

(2) Consolidated statements of income and consolidated statements of comprehensive income
 Consolidated statements of income
 Consolidated first three quarters results

(Million yen)

	Q3 FY2020 (From January 1, 2020 to September 30, 2020)	Q3 FY2021 (From January 1, 2021 to September 30, 2021)
Net sales	181,708	194,833
Cost of sales	140,116	151,774
Gross profit	41,591	43,059
Selling, general and administrative expenses	28,946	29,750
Operating income	12,644	13,308
Non-operating income		
Interest income	49	60
Dividends income	128	123
Share of profit of entities accounted for using equity method	220	172
Foreign exchange gains	—	432
Subsidy income	56	33
Other	141	106
Total non-operating income	597	929
Non-operating expenses		
Interest expenses	47	45
Foreign exchange losses	80	—
Compensation loss	30	—
Loss on retirement of non-current assets	7	28
Expenses for dealing with system failure	25	2
Loss on subsidy repayment	77	—
Other	36	18
Total non-operating expenses	305	94
Ordinary income	12,936	14,142
Extraordinary income		
Gain on sales of investment securities	—	2,759
Compensation for forced relocation	224	—
Settlement received	—	54
Reversal of allowance for doubtful accounts	—	123
Total extraordinary income	224	2,938
Extraordinary losses		
Impairment loss	—	468
Loss on retirement of non-current assets	—	67
Loss on valuation of investment securities	696	—
Loss on sale of shares of subsidiaries and associates	—	2,169
Provision for loss on business liquidation	—	11
Loss on business withdrawal	209	—
Expenses for measures against infectious diseases	186	136
Other	—	2
Total extraordinary losses	1,092	2,856
Income before income taxes	12,068	14,224
Income taxes-current	4,013	5,796
Income taxes-deferred	112	-831
Total income taxes	4,125	4,965
Net income	7,943	9,259
Profit attributable to non-controlling interests	1,713	1,985
Profit attributable to owners of parent	6,229	7,274

Consolidated statements of comprehensive income
 Consolidated first three quarters results

(Million yen)

	Q3 FY2020 (From January 1, 2020 to September 30, 2020)	Q3 FY2021 (From January 1, 2021 to September 30, 2021)
Net income	7,943	9,259
Other comprehensive income		
Valuation difference on available-for-sale securities	-579	-1,713
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	-89	325
Remeasurements of defined benefit plans, net of tax	189	212
Share of other comprehensive income of entities accounted for using equity method	-81	86
Total other comprehensive income	-560	-1,088
Comprehensive income	7,382	8,171
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,675	6,034
Comprehensive income attributable to non-controlling interests	1,707	2,136

(3) Consolidated cash flow statement

(Million yen)

	Q3 FY2020 (From January 1, 2020 to September 30, 2020)	Q3 FY2021 (From January 1, 2021 to September 30, 2021)
Net cash from operating activities		
Income before income taxes	12,068	14,224
Depreciation	4,337	4,221
Impairment loss	—	468
Compensation for forced relocation	-224	—
Loss on business withdrawal	209	—
Expenses for measures against infectious diseases	186	136
Amortization of goodwill	44	44
Increase (decrease) in provision for loss on construction contracts	-108	-111
Increase (decrease) in net defined benefit liability	36	82
Decrease (increase) in net defined benefit asset	-379	-378
Equity in (earnings) losses of affiliates	-220	-172
Interest expenses	47	45
Foreign exchange losses (gains)	90	-471
Loss (gain) on sales of investment securities	—	-2,759
Loss (gain) on valuation of investment securities	696	—
Loss (gain) on sale of shares of subsidiaries and associates	—	2,169
Loss on retirement of non-current assets	—	67
Decrease (increase) in notes and accounts receivable - trade	2,924	-2,193
Decrease (increase) in inventories	-303	489
Increase (decrease) in notes and accounts payable - trade	-1,512	78
Increase (decrease) in accounts payable - labor cost	1,849	2,312
Increase (decrease) in accrued consumption taxes	-461	-396
Increase (decrease) in accounts payable - other	-404	61
Decrease (increase) in long-term prepaid expenses	-2,853	827
Increase (decrease) in provision for loss on business liquidation	—	11
Other	-2,002	-3,212
Subtotal	14,019	15,545
Interest and dividends income received	261	185
Interest expenses paid	-52	-47
Income taxes paid	-5,188	-5,053
Proceeds from compensation for forced relocation	433	—
Payments for loss on withdrawal from business	-34	—
Expenses for measures against infectious diseases paid	-172	-115
Net cash provided by (used in) operating activities	9,266	10,513

(Million yen)

	Q3 FY2020 (From January 1, 2020 to September 30, 2020)	Q3 FY2021 (From January 1, 2021 to September 30, 2021)
Net cash from investing activities		
Payments into time deposits	-7,867	-7,126
Proceeds from withdrawal of time deposits	6,207	10,040
Purchase of property, plant and equipment	-5,234	-2,463
Purchase of intangible assets	-3,187	-2,550
Purchase of investment securities	-2,596	-0
Proceeds from sales of investment securities	-	3,891
Proceeds from sale of shares of subsidiaries and associates	-	4,330
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-210	-
Other	-407	181
Net cash provided by (used in) investing activities	-13,296	6,302
Net cash from financing activities		
Increase in short-term loans payable	23,455	6,757
Decrease in short-term loans payable	-5,202	-22,162
Proceeds from long-term loans payable	1,456	3,580
Repayment of long-term loans payable	-780	-755
Net increase (decrease) in commercial papers	-3,000	-
Cash dividends paid	-1,498	-1,468
Dividends paid to non-controlling interests	-536	-633
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-0	-0
Other	-29	224
Net cash provided by (used in) financing activities	13,864	-14,458
Effect of exchange rate change on cash and cash equivalents	-27	351
Net increase (decrease) in cash and cash equivalents	9,806	2,710
Cash and cash equivalents at beginning of period	26,158	37,450
Cash and cash equivalents at end of period	35,965	40,160

(4) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Note when there is a considerable change in the amount of shareholders' equity)

Not applicable.

(Important changes in subsidiaries during this quarter)

Not applicable.

(Application of specific accounting treatment to the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Certain consolidated subsidiaries make a reasonable estimate of the effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year including third quarter under review and multiply quarterly income before income taxes by the estimated effective tax rate.

(Segment information)

[Segment information]

I. Q3 FY2020 (From January 1, 2020 to September 30, 2020)

1. Information on Sales and Profit and Loss by Reported Segment

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	171,908	1,982	173,890	7,818	181,708	–	181,708
Inter-segment sales or transfers	45	551	596	468	1,065	-1,065	–
Total	171,953	2,533	174,487	8,286	182,773	-1,065	181,708
Segment profit	11,708	664	12,373	271	12,644	0	12,644

Notes:

- “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
- An adjustment of segment profit of 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
- The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.

II. Q3 FY2021 (From January 1, 2021 to September 30, 2021)

1. Information on Sales and Profit and Loss by Reported Segment

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	185,389	1,959	187,349	7,484	194,833	–	194,833
Inter-segment sales or transfers	36	527	564	504	1,068	-1,068	–
Total	185,426	2,487	187,913	7,988	195,902	-1,068	194,833
Segment profit	12,332	696	13,028	280	13,308	0	13,308

Notes:

- “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
- An adjustment of segment profit of 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
- The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.